



Paul R. LePage, Governor

Mary C. Mayhew, Commissioner

Department of Health and Human Services
Financial Services - Audit
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Appeal Decision

April 4, 2017

RE: - Midcoast Maine Community Action-FY 2015

Jessica A. Tysen, Executive Director
Midcoast Maine Community Action
34 Wing Farm Parkway
Bath, ME 04333-0011

Dear Ms. Tysen:

We are in receipt of your letter dated February 16, 2017 in which you appeal the Department's *Examination Report* of Midcoast Maine Community Action for the fiscal year ended September 30, 2015, dated December 15, 2016.

Your Agency is appealing the balance due to the Department in the amount of \$13,427 for agreements #CDC-15-183, CFS-15-1404, and CFS-15-7002 and the finding regarding indirect cost rates computation. Below are the agency's and Division of Audit's (Division) positions specific to the areas of dispute.

Agency Position Finding #2:

You state that you do not agree with finding #2 which relates to overstatement of the Agency's indirect cost rate. You have explained the timing (during August of 2016) Mid-Coast Maine Community Action of the Agency's "Indirect Cost Rate Agreement" to be after the Agreement Closeout Reports and Quarterly Reports were due; therefore, the Agency used a provisional rate of 13.2%.

Division of Audit Position Finding #2:

We agree with your position. After our review of related documentation of Fiscal year 2015 Department funded programs, (agreements #CDC-15-183, CFS-15-1404 and CFS-15-7002) the entire amount of indirect cost claimed on the Agency's Quarterly Financial Reports will be treated as fully allowable.

As a result of the Appeal the revised balance due to the Department is \$1,714 and Finding #2 relating to reduced indirect cost rate in the Examination Report is no longer applicable to the Agency. You have responded to Finding #1 with a corrective action plan that is acceptable to the Department; therefore, no further corrective action response is required.

Department Appeals, Resolutions and Sanctions:

Upon receipt of this appeal decision, your agency has sixty (60) days to accept the Department's decision or continue your appeal. For complete appeal rights see *Notice of Appeal Rights for Community Agencies*.

If your Agency accepts this appeal decision, then please remit check for \$1,714, payable to the Treasurer, State of Maine, to Lena Bragg, Accounting Technician, DHHS Service Center, Department of Administrative and Financial Services, 221 State Street, 11 State House Station, Augusta, Maine 04333.

If you have any questions, please do not hesitate to contact Thomas Constantine, Audit Supervisor at 287-2832.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Madden", is written over the "Sincerely," text.

Anthony Madden
Deputy Director

cc:

Division of Contract Management - Budget, DHHS
Karen Mason, Deputy Director, OADS
Runyon, Kirsteen & Oullette CPA's

Department of Health and Human Services
Division of Audit
Summary of Agreement Settlements and Close Out
Midcoast Maine Community Action
For the Fiscal Year Ended December 31, 2015

Line Agreement Profile

1	Program	WIC	WIC-BF	WIC Farmers' market	Early Head Start	CSBG	CC FP	Total
2	Encumbrance	20140925*1177	20140925*1177	20140925*1177	20140627*4988	20141006*1327	20141027*0038	
3	Number	CDC-15-183	CDC-15-183	CDC-15-183	CFS-15-1404	CFS-15-7002	CCFP-15-452	
4	From	10/01/14	10/01/14	10/01/14	07/01/14	10/01/14	07/01/14	
5	To	09/30/15	09/30/15	09/30/15	08/30/15	09/30/15	06/30/15	
6	Status	Final	Final	Final	Final	Final	Final	
7	Settlement	Cost	Cost	Cost	Cost	Cost	Units	

8	Agreement Budget	354,496	20,000	2,000	193,191	257,716	N/A	N/A
9	Agreement Payments	341,238	17,778	-	193,191	257,716	102,338	912,261
10	Balance	13,258	2,222	2,000	-	N/A	N/A	N/A

Agreement Settlement

11	Opening Balance	-	-	-	-	-	-	-
12	Agreement Payments A	341,238	17,778	-	193,191	257,716	102,338	912,261
13	Agreement Expenses B	(332,637)	(20,000)	(2,000)	(193,191)	(257,716)	(102,338)	(907,882)
14	Balance	8,601	(2,222)	(2,000)	-	(0)	-	4,379

Agreement Close Out

15	Agreement Deficit	-	-	-	-	(0)	-	(0)
16	Carry Forward Balance	-	-	-	-	-	-	-
17	Due to DHHS-Federal	1,714	-	-	-	(0)	-	1,714
18	Due to DHHS-State	-	-	-	-	-	-	-
19	Due to (Agency)	-	-	-	-	-	-	-
20	Agreement Repayments	6,887	(2,222)	(2,000)	-	-	-	2,665
21	Total	8,601	(2,222)	(2,000)	-	(0)	-	4,379

		1	2	3	4	(2-3)			(5-7)			(6-7)			(9-11)			(10-11)			(12-8)										
		Per Agreement Pro-Forma												Per Agency						Per Audit											
Part I. Agreement Totals		Revenue			Expense			Balance			Revenue			Expense			Balance			Revenue			Expense			Balance			Variance		
1	Prior Year Stub Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2	Current Year Stub Period	1,840,238	1,840,238	-	-	-	-	-	-	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	-			
3	Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
4	Total Revenue/Expenses	1,840,238	1,840,238	-	-	-	-	-	-	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	1,717,429	1,695,447	21,982	-			
5	Agreement Adjustments																											-			
A	WIC Food Vouchers	A	(1,497,000)	(1,497,000)	-	-	-	-	-	(1,360,933)	(1,360,933)	(1,837)	(1,360,933)	(1,360,933)	(1,837)	(1,360,933)	(1,360,933)	(1,837)	(1,360,933)	(1,360,933)	(1,837)	(1,360,933)	(1,360,933)	(1,837)	(1,360,933)	(1,360,933)	(1,837)	-			
B	Municipal Support	B	-	-	-	-	-	-	-	(2,000)	(163)	(1,837)	(2,000)	(163)	(1,837)	(2,000)	(163)	(1,837)	(2,000)	(163)	(1,837)	(2,000)	(163)	(1,837)	(2,000)	(163)	(1,837)	1,837			
C	Adjust Indirect to final rate of 12%	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
D		D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
E		E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
F		F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
G		G	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
H		H	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
6	Total Adjustments		(1,497,000)	(1,497,000)	-	-	-	-	-	(1,362,933)	(1,361,096)	(1,837)	(1,362,933)	(1,361,096)	(1,837)	(1,362,933)	(1,361,096)	(1,837)	(1,362,933)	(1,361,096)	(1,837)	(1,362,933)	(1,361,096)	(1,837)	(1,362,933)	(1,361,096)	(1,837)	1,837			
7	Totals Available for Cost Sharing		343,238	343,238	-	-	-	-	-	354,496	334,351	20,145	354,496	334,351	20,145	354,496	334,351	20,145	354,496	334,351	20,145	354,496	334,351	20,145	354,496	334,351	20,145	1,837			
Part II. Agreement Cost Sharing																															
Funding Source		Revenue			Available			Revenue			Expense			Balance			Revenue			Available			Revenue			Expense			Balance		
8	CDC-15-183B	99.42%	341,238	341,238	-	-	-	-	-	352,496	334,351	18,145	352,496	334,351	18,145	352,496	334,351	18,145	352,496	334,351	18,145	352,496	334,351	18,145	352,496	334,351	18,145	21,859			
9	All Other	0.58%	2,000	2,000	-	-	-	-	-	2,000	163	1,837	2,000	163	1,837	2,000	163	1,837	2,000	163	1,837	2,000	163	1,837	2,000	163	1,837	123			
10	Totals	100.00%	343,238	343,238	-	-	-	-	-	354,496	334,514	20,145	354,496	334,514	20,145	354,496	334,514	20,145	354,496	334,514	20,145	354,496	334,514	20,145	354,496	334,514	20,145	21,982			

Line Notes to adjustments:

5B Per MAAP Rules, municipal revenue should cost share.

5C Removed per Appeal

Agreement Settlement:		334,351
Agreement Payments		332,637
Allocated Expenses		1,714
Balance		

Department of Health and Human Services
Division of Audit

NOTICE OF APPEAL RIGHTS OF COMMUNITY AGENCIES

MAAP SECTION .04 D. as repealed and replaced October 4, 2011.

1. Appeals Procedures

Step a - Director of Audit – Maine DHHS and Maine DOT

A community agency may appeal, in writing, the findings of a Department examination by submitting a letter of appeal in writing within sixty (60) days after receiving the report from the Department. The appeal letter must identify the issues being appealed and include the specific supporting documentation. It must be addressed to the Director of the Division of Audit at the Maine DHHS or to the Director of the Office of Audit at the Maine DOT.

The Director or the Director's designee will initiate a review of the audit appeal and will, as needed, consult with program management responsible for the affected agreements, agreement administrators, and other applicable and appropriate staff.

The Director or the Director's designee will issue a written decision on the appeal and the full basis of the decision to the community agency no later than sixty (60) days following the receipt of the appeal letter, unless both parties agree to an extension. The letter may be co-signed by other DHHS staff as applicable.

Step b - Agency appeal of Director of Division/Office of Audit Decision

1. Maine DHHS

If the community agency wishes to proceed further in its appeal, it may appeal to the DHHS Office of Administrative Hearings by submitting a notice of appeal in writing within sixty (60) days of receiving the decision from the Director of the Division of Audit. The issue(s) on appeal will be limited to what was raised at the Step a appeal. The hearing will be an Order of Reference appeal hearing. The hearing officer will issue a recommended decision to the Commissioner, who will issue a final decision.

2. Maine DOT

If the community agency wishes to proceed in its appeal, it may appeal to the Commissioner of Maine DOT within sixty (60) days of receiving the decision from the Director of the Office of Audit. The issue(s) on appeal will be limited to what was raised at the Step a appeal. The DOT Commissioner will issue the final decision.

Step c - Judicial appeal – Maine DHHS and Maine DOT

The community agency may appeal the DHHS or DOT Commissioner final decision by filing an appeal with the Maine Superior Court pursuant to the Maine Rules of Civil Procedure, Rule 80C and 5 M.R.S.A. §11001, et seq.

2. **Resolution of Appeals**

When the community agency chooses not to further pursue its appeal, or the appeal process has been exhausted, or the Department and community agency reach agreement, a letter will be sent by the Department confirming the terms of the settlement or clarifying the terms of the Commissioner's final decision.

The community agency must within thirty (30) days of receipt of the letter, as applicable;

- (a) Make full payment of any balance due;
- (b) If full payment cannot be made for good cause, the agency will make arrangement for a repayment plan acceptable to the Department.
- (c) The agency will also submit a corrective action plan acceptable to the Department regarding any findings noted in the examination report.

3. **Sanctions**

- (a) Failure to comply with Section .04 D. 2. above, may result in sanctions being applied by the Department as described in Section .02 G.
- (b) The Department may refer the matter over to the Attorney General or to a collection agency.